

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 OPIC-03 SAM-01 AID-05 TRSE-00 EURE-00

INRE-00 SSO-00 NSCE-00 USIE-00 DODE-00 PM-03 H-02

L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15 /073 W

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O R 271658Z MAY 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 2895

INFO AMCONSUL OPORTO

LIMITED OFFICIAL USE LISBON 2951

EO 11652: N/A

TAGS: BGEN, ELAB, PO

SUBJ: US BUSINESS PROBLEMS

REF: LISBON 2820

1. TORRINGTON MANAGEMENT CONTINUES TO BE LOCKED OUT OF PLANT. SHANNON MET WITH LABOR MINISTRY OFFICIALS MAY 23 AND HAS ANOTHER MEETING AFTERNOON MAY 27. ALTHOUGH MAY 23 MEETING DID NOT RESOLVE PROBLEM, SOME MOVEMENT BY MINISTRY MAY BE TAKING PLACE. MINISTRY OFFICIAL VISITED PLANT ON MAY 26 AND ADDRESSED WORKERS. (THIS IS SIGNIFICANT IN THAT IT IS FIRST DIRECT COMMUNICATION BY MINISTRY WITH WORKERS INSTEAD OF THROUGH WORKERS COMMISSION.) OFFICIAL REPORTEDLY TOLD WORKERS THEY MUST SOLVE DISPUTE; HIS REPORTED COMPROMISE SOLUTION MAY BE SATISFACTORY TO TORRINGTON. AT LUNCHEON WITH LABOR, COMMERICAL ATTACHES, CHIEF OF LABOR MINISTER'S STAFF APPEARED EAGER TO RESOLVE PROBLEM AND POSSIBLE COMPROMISE WAS DISCUSSED WHICH EMBASSY HAS RELAYED TO SHANNON. TORRINGTON IS PREPARING COURT SUIT HERE OVER RELEASE OF FUNDS AND OVER REASONS FOR DISMISSAL OF EMPLOYEE.

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2. NEW SUBJECT: SALES OFFICE OF LITTON BUSINESS SYSTEMS

(MAQUINAS COMERCIAIS) LDA. OF LISBON HAS BEEN OCCUPIED BY WORKERS. FIRM IS DISTRIBUTOR OF SWEDA, MONROE AND OTHER OFFICE MACHINES AND CALCULATORS AND EMPLOYS 90 WORKERS. GERMAN CITIZEN MANAGER ZIMMERMAN REPORTS THAT FIRM WILL CLOSE FOR ECONOMIC REASONS AND WORKERS KNOW THAT LITTON'S ASSETS IN PORTUGAL ARE LESS THAN PROJECTED SEVERANCE PAY. ZIMMERMAN NOT AUTHORIZED MAKE FINAL DECISIONS ON SEVERANCE PAY AND HIGHER RANKING LITTON OFFICIALS OUTSIDE OF PORTUGAL REPORTEDLY FEEL IT IS RISKY TO COME TO PORTUGAL TO NEGOTIATE. SITUATION DISCUSSED AT ABOVE LUNCHEON AND LABOR MINISTRY OFFICIAL VERBALLY GUARANTEED FREEDOM OF MOVEMENT AND STATED THAT MINISTRY "WISHED TO INVITE" LITTON OFFICIAL TO COME TO PORTUGAL. EMBASSY HAS PASSED ON ASSURANCE TO LITTON ZURICH AND HAS NOTIFIED THAT WE KNOW OF ONLY ONE CASE IN WHICH NEGOTIATOR CAME TO PORTUGAL AND WAS PROHIBITED FROM LEAVING. CARLUCCI

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